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Agenda item 84 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Mr. Walid A. **Al-Hadid** (Jordan)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 84 (a) (see A/57/529, para. 2). Action on sub-item (a) was taken at the 36th and 44th meetings, on 15 November and 11 December 2002. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/57/SR.36 and 44).

II. Consideration of proposals

A. Draft resolutions A/C.2/57/L.37 and A/C.2/57/L.76

2. At the 36th meeting, on 15 November, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/57/L.37), which read:

> "*The General Assembly*,
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> "*Recalling* its resolutions 55/182 of 20 December 2001 and 56/178 of 21 December 2001 on international trade and development,
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> "*Recalling also* the Plan of Action adopted at the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000, which reaffirmed the role of the United Nations Conference on Trade and Development as focal point for the integrated

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treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development,

"*Taking note* of the outcome of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001, and noting that the fifth Ministerial Conference of the World Trade Organization to be held at Cancun, Mexico, in September 2003, will take stock of progress in the negotiations,

"*Recalling* the provisions of the United Nations Millennium Declaration dealing with trade and related development issues, as well as the outcomes of the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002, and the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002,

"*Recalling also* that the domestic efforts made by many developing countries in recent years to reshape their economies, in particular by autonomous trade liberalization, will be in vain if they are not matched by fair market access for their main export priorities in goods and services and by effective support for the development of their supply capacity,

"1. *Takes note* of the commitments of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization to place the needs and interest of developing countries at the heart of the multilateral trade negotiations and adopt measures designed to ensure that developing countries, especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development;

"2. *Takes note also*, with appreciation, of the in-depth review undertaken by the Trade and Development Board with respect to developments and issues of particular concern to developing countries in the work programme of the World Trade Organization, adopted at the Fourth Ministerial Conference, and its contribution to the understanding of the actions required to achieve an equitable, development-oriented outcome at the end of the Doha process;

"3. *Expresses concern* about the adoption of a number of unilateral actions that harm the export potential of developing countries and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement of the development dimension of the trade negotiations;

"4. *Considers* that, in the context of the current world economic situation, the multilateral trading system should be reinforced by giving concrete shape to the development-related provisions of the work programme of the World Trade Organization, and by ensuring that the concerns of developing countries, in particular in terms of implementation issues and special and differential treatment, are met prior to the fifth Ministerial Conference to be held at Cancun, Mexico in September 2003;

"5. *Reiterates* the need for the deadlines in the negotiating process, as established in the Ministerial Declaration adopted at Doha, to be respected;

"6. *Recognizes* that trade rules in the post-Doha framework should have a clear development content, and, in this regard:

"(a) Issues relating to the implementation of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations should receive priority attention in accordance with the proposals put forward by developing countries;

"(b) Provisions for special and differential treatment are an integral part of the Uruguay Round of Multilateral Trade Negotiations by which the World Trade Organization was established, and all special and differential treatment provisions shall be reviewed so as to be strengthened and made more effective, operational and mandatory;

"(c) Ongoing negotiations aimed at clarifying and improving disciplines in the areas of anti-dumping, subsidies and countervailing measures should take into account the needs of developing countries, including the least developed countries;

"(d) In the area of agriculture, a successful conclusion of the mandated negotiations could be achieved by improved market access, by removing trade-distorting export and domestic subsidies and by ensuring that non-trade concerns of developing countries such as rural development, poverty alleviation and food security are fully acknowledged and taken into account;

"(e) Progressive liberalization of the services sector should focus on sectors and modes of supply of priority interest to developing countries, in particular the movement of natural persons;

"(f) Full and timely implementation of the declaration on the Trade-related Intellectual Property Rights agreement and public health should be ensured;

"7. *Acknowledges* the seriousness of the concerns expressed by the least developed countries, and recognizes that the integration of the least developed countries into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base, and trade-related technical assistance and capacity-building;

"8. *Stresses* the need to facilitate and accelerate the accession of all developing countries that apply for membership of the World Trade Organization;

"9. *Reaffirms* the commitments made at the Fourth Ministerial Conference at Doha and at the Third United Nations Conference on the Least Developed Countries, held at Brussels from 14 to 20 May 2001, and, in this regard, calls on developed countries that have not yet done so to work towards the objective of duty-free, quota-free market access for products originating from the least developed countries, as well as facilitating and accelerating the accession of least developed countries to the World Trade Organization;

"10. *Stresses* that the trade concerns of small economies should receive priority attention in line with the mandates of the Fourth Ministerial Conference to ensure their sustainable development and benefit from the multilateral trading system;

"11. *Expresses disappointment* with the slow progress in the implementation of the Agreement on Textiles and Clothing of the Uruguay Round of Multilateral Trade Negotiations, which is a necessary and inherent condition of full implementation of the Uruguay Round agreements, and underlines its concern about new trade-restricting measures being applied in that sector;

"12. *Stresses* the importance of examining the relationship between the trade negotiations undertaken at regional and subregional levels and the multilateral rules and commitments, in accordance with the relevant mandate of the Fourth Ministerial Conference, taking into account the developmental aspects of these agreements, and urges the United Nations Conference on Trade and Development, in accordance with its mandates, to provide technical inputs in this respect;

"13. *Notes with concern* that, despite the previous rounds of multilateral negotiations on market access on non-agricultural products, excessively high levels of tariff barriers in some sectors, including textile and clothing products, are maintained by some developed countries, and in this regard reiterates that the work programme of the World Trade Organization should provide for maximum cut in tariff peaks and tariff escalation affecting developing country exports while giving consideration to adverse effects on developing countries, including the erosion of trade preferences;

"14. *Expresses concern* with the proliferation of obstacles imposed on exports by developing countries for health, sanitary, safety or environmental reasons, and stresses the need for stronger commitment on the part of major importing trading partners not to apply such standards as unjustified and disguised means of protection;

"15. *Stresses* the importance of increased participation of developing countries in setting standards and of increased technical assistance and capacity-building in this regard;

"16. *Expresses satisfaction* with the renewed cooperation between the United Nations Conference on Trade and Development and the World Trade Organization as well as with the joint efforts to provide trade-related technical assistance, and stresses in this respect the importance of continuing and enhancing the implementation, following the Fourth Ministerial Conference of the United Nations Conference on Trade and Development programme of capacity-building and technical cooperation for developing countries, especially the least developed countries and economies in transition, in support of their participation in the work programme of the World Trade Organization adopted at Doha;

"17. *Urges*, in this regard, the donor community to provide the United Nations Conference on Trade and Development with the necessary resources to deliver effective and demand-driven assistance to developing countries, especially least developed countries, and to small and vulnerable economies, as well as to increase their contributions to the trust funds of the Integrated Framework for Technical Assistance for Trade and Trade-related Activities and the Joint Integrated Technical Assistance Programme;

"18. *Calls upon* the United Nations Conference on Trade and Development, within its mandate, to contribute to the Plan of Implementation of the World Summit on Sustainable Development, and welcomes the cooperation on trade, environment and development, including in the field of technical assistance to developing countries, between the secretariats of the World Trade Organization, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Environment Programme and other relevant international developmental or environmental organizations;

"19. *Endorses* the outcome of the mid-term review of the work of the United Nations Conference on Trade and Development, which was aimed at reviewing the implementation of the commitments and of the work programme agreed upon at the tenth session of the Conference, and reiterates its profound gratitude to the Government and people of Thailand for hosting the mid-term review;

"20. *Welcomes* the generous offer by Brazil to host the eleventh session of the United Nations Conference on Trade and Development in 2004, and takes note of the invitation addressed to the Secretary-General of the Conference to prepare the draft provisional agenda and the timetable for the Conference for consideration by the Trade and Development Board in the first quarter of 2003;

"21. *Requests* the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its fifty-eighth session, a report on the implementation of the present resolution and on developments in the multilateral trading system, under the item entitled 'International trade and development'."

3. At the 44th meeting, on 11 December, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), introduced a draft resolution entitled "International trade and development" (A/C.2/57/L.76), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.37.

4. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.76 (see para. 7).

5. In the light of the adoption of draft resolution A/C.2/57/L.76, draft resolution A/C.2/57/L.37 was withdrawn by its sponsors.

B. Draft decision proposed by the Chairman

6. At its 44th meeting, on 11 December, upon the proposal of the Chairman, the Committee decided to recommend to the General Assembly that it take note of the documents under the sub-item on which no proposals had been submitted (see para. 8).

III. Recommendations of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International trade and development

The General Assembly,

Recalling its resolutions 55/182 of 20 December 2000 and 56/178 of 21 December 2001 on international trade and development,

Recalling also the plan of action adopted at the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000,[1]

Reaffirming the role of the United Nations Conference on Trade and Development as focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development,

Taking note of the outcome of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 13 November 2001,[2] and noting that the Fifth Ministerial Conference of the World Trade Organization, to be held at Cancún, Mexico, in September 2003, will take stock of progress in the negotiations,

Recalling the provisions of the United Nations Millennium Declaration[3] dealing with trade and related development issues, as well as the outcomes of the International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002,[4] and the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002,[5]

Reiterating the importance of continued trade liberalization in developed and developing countries, including in sectors of export interest to developing countries, and bearing in mind paragraph 10 of General Assembly resolution 55/182,

Recalling that the domestic efforts made by many developing countries in recent years to reshape their economies, in particular by autonomous trade liberalization, will be more effective if they are matched by enhanced and predictable market access for their main export priorities in goods and services, and by effective support for the development of their supply capacity, and bearing in mind in this regard paragraph 28 of the Monterrey Consensus of the International Conference on Financing for Development,[4]

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[1] TD/390, part II.

[2] See A/C.2/56/7, annex.

[3] See resolution 55/2.

[4] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[5] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 1, annex, and resolution 2, annex.

Noting the proposals made to implement the work programme of the World Trade Organization including those to liberalize international agricultural and non-agricultural trade,

Noting also the significant contribution of the multilateral trading system to economic growth, development and employment, and the importance of maintaining the process of reform and liberalization of trade policies, as well as the importance of rejecting the use of protectionism so that the system plays its full part in promoting recovery, growth and development, in particular of developing countries,

Recalling that, to benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment and enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, are needed, and that, in this context, enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes for developing countries also play important roles,

1. *Reaffirms* the commitments of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization[2] to place the needs and interests of developing countries at the heart of the work programme adopted in the Declaration and to continue to make positive efforts designed to ensure that developing countries, especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development;

2. *Takes note* of the in-depth review undertaken by the Trade and Development Board with respect to developments and issues in the post-Doha work programme of particular concern to developing countries and its contribution to an understanding of the actions required to help developing countries secure beneficial and meaningful integration into the multilateral trading system and the global economy and to achieve a balanced, development-oriented and successful outcome at the end of the Doha process;

3. *Also takes note* in this regard of the relevant work of other international organizations;

4. *Expresses concern* about the adoption of a number of unilateral actions that are not consistent with rules of the World Trade Organization, harm the exports of all countries, in particular those of developing countries, and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

5. *Acknowledges* the measures taken to increase market access consistent with the rules of the World Trade Organization for some developing countries, in particular for the least developed countries, and further recognizes the importance of enhanced and predictable access to all markets for the exports of developing countries;

6. *Considers* that, in the context of the current world economic situation, the multilateral trading system should be reinforced by achieving a balanced outcome of the Doha negotiations that responds to the interests of all members of the World Trade Organization, in particular developing countries, by giving concrete

shape to the development-related provisions of the work programme of the World Trade Organization and by working to ensure that the concerns of developing countries, in particular in terms of implementation issues and special and differential treatment, are properly and effectively addressed in accordance with the Ministerial Declaration adopted at Doha, as amended by the action of the General Council of the World Trade Organization;

7. *Reiterates* the need for the deadlines in the negotiating process, as established in the Ministerial Declaration adopted at Doha,[6] and as amended by the General Council of the World Trade Organization, to be respected;

8. *Recognizes* that trade rules and issues in the post-Doha framework should have a clear development content, and in this regard:

(a) Expresses its determination to take concrete action to address issues and concerns that have been raised by many developing country members regarding the implementation of some agreements and decisions of the World Trade Organization, including the difficulties and resource constraints that have been encountered in the implementation of obligations in various areas;

(b) Affirms that provisions for special and differential treatment are an integral part of the Uruguay Round of Multilateral Trade Negotiations by which the World Trade Organization was established and that all special and differential treatment provisions should be reviewed with a view to strengthening them and making them more precise, effective and operational, and notes the importance of paragraph 12.1 (i) of the Decision on Implementation-related Issues and Concerns of 14 November 2001, adopted by the Fourth Ministerial Conference of the World Trade Organization;[7]

(c) Affirms that ongoing negotiations should aim at clarifying and improving disciplines in the areas of anti-dumping, subsidies and countervailing measures, taking into account the needs of developing countries, including the least developed countries, while preserving the basic concepts, principles and effectiveness of those agreements and their instruments and objectives;

(d) Considers that, in the area of agriculture, without prejudging their outcome, the commitment to the comprehensive negotiations initiated under article 20 of the Agreement on Agriculture,[8] referred to in the Ministerial Declaration adopted at Doha and aimed at substantial improvements in market access, reductions of all forms of export subsidies with a view to phasing them out and substantial reductions in trade distorting domestic support, should be fulfilled, it being agreed that the provisions for special and differential treatment for developing countries should be an integral part of all elements of the negotiations and should be embodied in the schedules of concession and commitments and, as appropriate, in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development, with note being taken of the non-trade concerns reflected in the negotiating proposals submitted by members of the

[6] See A/C.2/56/7, annex, paras. 45 and 46.

[7] WT/MIN(01)/17.

[8] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

World Trade Organization and with it being confirmed that non-trade concerns would be taken into account in the negotiations as provided for in the Agreement on Agriculture, in accordance with the Ministerial Declaration;

(e) Considers that negotiations in trade in services should be conducted with a view to promoting the economic growth of all trading partners and the development of developing and least developed countries, that there should be no a priori exclusion of any service sector or mode of supply and that special attention should be given to sectors and modes of supply of export interest to developing countries, and recognizes the work already undertaken in the negotiations and the large number of proposals submitted by members on a wide range of sectors and on several horizontal issues, as well as on movement of natural persons;

(f) Reaffirms the commitments made with respect to the interpretation and implementation of the Agreement on Trade-related Aspects of Intellectual Property Rights[8] in a manner supportive of public health and promotion of access to medicine for all, including full and timely implementation of the Declaration on the Agreement on Trade-related Aspects of Intellectual Property and Public Health, adopted by the Fourth Ministerial Conference of the World Trade Organization on 14 November 2001;[9]

9. *Acknowledges* the seriousness of the concerns expressed by the least developed countries in the Zanzibar Declaration, adopted by their ministers responsible for trade in July 2001, and recognizes that the integration of the least developed countries into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base and trade-related technical assistance and capacity-building;

10. *Stresses* the importance of facilitating the accession of all developing countries, particularly the least developed countries, as well as countries with economies in transition, that apply for membership in the World Trade Organization, and bearing in mind paragraph 21 of General Assembly resolution 55/182 and subsequent developments;

11. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization held at Doha and at the Third United Nations Conference on the Least Developed Countries, held at Brussels from 14 to 20 May 2001,[10] and in this regard calls upon developed countries that have not already done so to work towards the objective of duty-free, quota-free market access for all least developed countries' exports, and notes that consideration of proposals for developing countries to contribute to improved market access for least developed countries would also be helpful;

12. *Also reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Ministerial Declaration adopted at Doha;

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[9] WT/MIN(01)/DEC/2.

[10] See A/CONF.191/11 and A/CONF.191/12.

13. *Further reaffirms* the commitment to full and faithful implementation of the Agreement on Textiles and Clothing,[8] and calls for further progress in its implementation which is a necessary and inherent condition of full implementation of the agreements arising from the Uruguay Round;

14. *Stresses* the importance of clarifying and improving disciplines and procedures under the existing provisions of the World Trade Organization applying to regional trade agreements in accordance with the relevant mandate of the Fourth Ministerial Conference, taking into account the developmental aspects of these agreements, and urges the United Nations Conference on Trade and Development, in accordance with its mandates, to provide technical inputs in this respect;

15. *Also stresses* the importance of the Doha mandate for negotiations on market access for non-agricultural products, which should aim to reduce or, as appropriate, eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries, and reaffirms that preferences granted to developing countries pursuant to the Decision of the Contracting Parties on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries of 28 November 1979 ("Enabling Clause")[11] should be generalized, non-reciprocal and non-discriminatory;

16. *Recognizes* the importance for developing countries as well as countries with economies in transition of considering reducing trade barriers among themselves;

17. *Notes* the health and environment-related measures that have an impact on exports, stresses that the adoption or enforcement of any measures necessary to protect human, animal or plant life or health should not be applied in a manner that would constitute arbitrary or unjustified discrimination or a disguised restriction on international trade, and recognizes the importance of capacity-building support for developing countries so as to enable them to put in place the appropriate measures necessary for meeting standards consistent with the World Trade Organization;

18. *Encourages* support for measures to simplify and make more transparent domestic regulations and procedures that affect trade so as to assist exporters, particularly those from developing countries;

19. *Stresses* the importance of increased participation of developing countries in the work of relevant international standards-setting organizations and of increased technical assistance and capacity-building in this regard;

20. *Expresses satisfaction* with the renewed and increased cooperation between the United Nations Conference on Trade and Development and the World Trade Organization, as well as with the joint efforts to provide trade-related technical assistance, calls for a further strengthening of this cooperation, and stresses in this respect the importance of continuing and enhancing the implementation of the United Nations Conference on Trade and Development Programme of Capacity-Building and Technical Cooperation for Developing Countries, Especially the Least Developed Countries and Economies in Transition,

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[11] Basic Instruments and Selected Documents of the General Agreement on Tariffs and Trade (GATT) (L 4903, BISD 265/203).

in support of their participation in the work programme adopted at the Fourth Ministerial Conference of the World Trade Organization;[12]

21. *Invites*, in this regard, donors and other countries in a position to do so to continue to provide the United Nations Conference on Trade and Development with the necessary resources to deliver effective and demand-driven assistance to developing countries, especially least developed countries and countries with economies in transition, and to small and vulnerable economies, as well as to continue and enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme and to the activities of the International Trade Centre UNCTAD/WTO;

22. *Also invites* donors and other countries in a position to do so to make voluntary contributions to the Doha Development Agenda Global Trust Fund of the World Trade Organization, and further invites the World Trade Organization to cooperate closely with other organizations having the necessary expertise and comparative advantage in delivering technical assistance;

23. *Invites* bilateral and multilateral financial and development institutions, in cooperation with interested Governments and their financial institutions, to expand and coordinate their efforts, with increased resources, to further support national efforts to benefit from trade opportunities and effectively integrate into the multilateral trading system;

24. *Reaffirms* the commitment on the part of developed and developing countries to mainstream appropriate trade policies in their respective development policies and programmes;

25. *Calls upon* the United Nations Conference on Trade and Development, within its mandate, to contribute to the Plan of Implementation of the World Summit on Sustainable Development,[13] and welcomes the cooperation on trade, environment and development, inter alia, in the field of technical assistance to developing countries, between the secretariats of the World Trade Organization, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Environment Programme and other relevant international developmental and environmental organizations;

26. *Endorses* the outcome of the mid-term review of the work of the United Nations Conference on Trade and Development,[14] which was aimed at reviewing the implementation of the commitments and of the work programme agreed upon at the tenth session of the Conference, and reiterates its profound gratitude to the Government and people of Thailand for hosting the mid-term review;

27. *Welcomes* the generous offer by the Government of Brazil to host the eleventh session of the United Nations Conference on Trade and Development in 2004, and takes note of the invitation addressed to the Secretary-General of the Conference to prepare the draft provisional agenda and the timetable for the

[12] See UNCTAD/RMS/TCS/1.

[13] *Report of the World Conference on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 2, annex.

[14] See A/57/15 (Part II).

Conference for consideration by the Trade and Development Board in the first quarter of 2003;

28. *Requests* the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and on developments in the multilateral trading system, under the sub-item entitled "International trade and development".

* * *

8. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Reports of the Trade and Development Board

The General Assembly takes note of the reports of the Trade and Development Board on its twenty-eighth executive session, its nineteenth special session and its forty-ninth session.[15]

[15] A/57/15 (Parts I-III); for the final text, see *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 15* (A/57/15).

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Macroeconomic policy questions: commodities

Report of the Second Committee*

Rapporteur: Mr. Walid A. **Al-Hadid** (Jordan)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 84 (b) (see A/57/529, para. 2). Action on sub-item (b) was taken at the 12th and 44th meetings, on 17 October and 11 December 2002. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/57/SR.12 and 44).

II. Consideration of draft resolutions A/C.2/57/L.5 and A/C.2/57/L.73

2. At the 12th meeting, on 17 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Commodities" (A/C.2/57/L.5), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolution 55/183 of 20 December 2000 and stressing the urgent need to ensure its full implementation,
>
> "*Recalling* the United Nations Millennium Declaration adopted by the Heads of State and Government on 8 September 2000,
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> "*Taking note* of the Plan of Implementation agreed at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002, particularly paragraphs 38, 61, 89 and 90, and recognizing that agriculture plays a crucial role in addressing the needs of a

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growing global population, and is inextricably linked to poverty eradication, especially in developing countries,

"*Taking note also* of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and *The Least Developed Countries Report, 2002*, in particular chapters 4 and 6 of part one of the report,

"*Taking note further* of the Monterrey Consensus of the International Conference on Financing for Development, in particular paragraphs 28 and 37,

"*Taking note* of the outcome of the World Summit on Sustainable Development,

"*Taking note also* of the targets set out in the 1996 Rome Declaration and Plan of Action and the outcome of the World Food Summit: five years later, which reaffirms the pledge to end hunger,

"*Taking note with concern* of the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects which examines the declining trend of most commodity prices,

"*Recognizing* that many developing countries, in particular African countries and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, are highly dependent on primary commodities as their principal source of export revenues, employment, income-generation and domestic savings, and the driving force of investment, economic growth and social development,

"*Recognizing also* that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for commodity producers and exporters in developing countries,

"*Expressing deep concern* about the negative effects of unfavourable weather conditions on the supply of most commodity-dependent countries, the continuing depressed levels of most commodity prices and the dramatic falls in recent years in prices of commodities of particular interest to developing countries, which adversely affect the economic growth of commodity-dependent countries, especially countries in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries,

"*Expressing concern* about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining access to markets for their commodities,

"*Recognizing* that commodity prices are an important element for heavily indebted poor countries maintaining long-term debt sustainability criteria,

"*Reiterating its request* to the World Trade Organization to facilitate the accession of developing countries to the World Trade Organization on fair and reasonable terms, taking into account the particularities of each country,

"1. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

"2. *Expresses the urgent need* for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of viable and effective commodity price risk management instruments;

"3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification, and, in this regard, strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, inter alia, in areas that actively involve women;

"4. *Urges* Governments and international financial institutions to re-examine systems for compensatory financing of export earnings shortfalls with a view to providing a temporary safety net for developing-country producers that are heavily dependent on the export of a few commodities;

"5. *Urges* the developed countries to eliminate or radically reduce support schemes to producers competing with developing-country producers of commodities that result in lower prices for exporters in developing countries;

"6. *Also urges* the developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, in a spirit conducive to promoting a common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

"7. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

"8. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, in particular commodity-dependent countries, especially those in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, and, in this respect, stresses that:

"(a) International support for the efforts of developing countries in the industrial transformation of their commodities is required to increase their export revenues and improve their competitiveness with a view to facilitating their integration into the global economy;

"(b) In the context of the process of trade liberalization, tariff peaks should be minimized and the use of trade-distorting policies and protectionist

practices and non-tariff barriers should be eliminated by developed countries because of their impact and inasmuch as they have negative effects on the ability of developing countries to diversify their exports and undertake the required restructuring of their commodity sector and have an adverse impact on liberalization measures taken by commodity-dependent developing countries especially in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, and their efforts to eliminate poverty;

"(c) In line with the Plan of Implementation adopted at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002, mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, should be promoted in support of the work programme agreed through the World Trade Organization, while recognizing the importance of maintaining the integrity of both sets of instruments;

"(d) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address the diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by these countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

"(e) Timely and effective financial cooperation should be maintained and further pursued to facilitate the management by commodity-dependent countries, especially those in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, of excessive fluctuations in commodity export earnings;

"(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;

"(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

"(h) There is a need to strengthen the Common Fund for Commodities and to promote expand and intensify research and development, to provide infrastructure enterprise development, technology and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

"9. *Encourages* the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to expand the

activities of its Second Account with the necessary and effective support for research and development and extension services in developing countries, including adaptive research on production and processing aimed at smallholders and small-sized and medium-sized enterprises in developing countries, in order to widen the scope of activities and thus ensure the effective participation of all stakeholders;

"10. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in the financing of commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in respect of their effective participation in multilateral trade negotiations;

"11. *Calls upon* the United Nations to convene a high-level international meeting in 2003 to address the declining terms of trade and volatility of commodity prices, taking into account the commitments made in paragraph 89 of the Plan of Implementation adopted at the World Summit on Sustainable Development;

"12. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to submit to the General Assembly at its fifty-ninth session a report on world commodity trends and prospects, which should include an estimate of the loss for commodity exporters as a result of the use of subsidies and other trade-distorting measures as well as the gap between the prices for producers and those of final consumers;

"13. *Decides* to include in the provisional agenda of its fifty-ninth session, under the item entitled 'Macroeconomic questions', the sub-item entitled 'Commodities'."

3. At the 44th meeting, on 11 December, the Vice-Chairman of the Committee, Jan Kára (Czech Republic), introduced a draft resolution entitled "Commodities" (A/C.2/57/L.73), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.5.

4. The attention of the Committee was drawn to a statement of the programme budget implications of draft resolution A/C.2/57/L.73, submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly (A/C.2/57/L.78).

5. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.73 (see para. 8).

6. After the adoption of the draft resolution, the representative of Venezuela made a statement on behalf of the States Members of the United Nations that are members of the Group of 77 and China (see A/C.2/57/SR.44).

7. In the light of the adoption of draft resolution A/C.2/57/L.73, draft resolution A/C.2/57/L.5 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

8. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Commodities

The General Assembly,

Recalling its resolution 55/183 of 20 December 2000 and stressing the urgent need to ensure its full implementation,

Recalling also the United Nations Millennium Declaration, adopted by the Heads of State and Government on 8 September 2000,[1]

Taking note of the relevant provisions of the Plan of Implementation of the World Summit on Sustainable Development,[2]

Taking note also of the Programme of Action for the Least Developed Countries for the Decade 2001-2010[3] and *The Least Developed Countries Report, 2002*,[4]

Taking note further of the Monterrey Consensus of the International Conference on Financing for Development,[5]

Taking note of the targets set out in the 1996 Rome Declaration and Plan of Action[6] and the outcome of the World Food Summit: five years later, which reaffirms the pledge to end hunger,

Taking note also of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization,[7] held at Doha from 9 to 13 November 2001,

Taking note with concern of the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects,[8] which examines the declining trend of most commodity prices,[9]

Reiterating the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, especially commodity-dependent countries, and bearing in mind paragraph 6 of General Assembly resolution 55/183,

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[1] See resolution 55/2.

[2] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 2, annex.

[3] A/CONF.191/11.

[4] United Nations publication, Sales No. E.02.11.D.13.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[6] See *Report of the World Food Summit, 13-17 November 1996*, part one (Rome, Food and Agriculture Organization of the United Nations, 1996), appendix.

[7] A/C.2/56/7, annex.

[8] A/57/381, annex.

[9] Ibid., sect. I.B.

Recognizing that commodity-dependent developing countries, in particular African countries and the least developed countries, as well as small island developing States and landlocked developing countries, are highly dependent on primary commodities as their principal source of export revenues, employment, income-generation and domestic savings, and as the driving force of investment, economic growth and social development,

Recognizing also that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for commodity producers and exporters in developing countries,

Recognizing further that agriculture plays a crucial role in addressing the needs of a growing global population and is inextricably linked to poverty eradication, especially in developing countries, and recognizing also that enhancing the role of women at all levels and in all aspects of rural development, agriculture, nutrition and food security is imperative and, furthermore, that sustainable agriculture and rural development are essential for the implementation of an integrated approach to increasing food production and enhancing food security and food safety in an environmentally sustainable way,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply of most commodity-dependent developing countries, the continuing depressed levels of most commodity prices and the dramatic falls in recent years in prices of commodities of particular interest to developing countries, which adversely affect the economic growth of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as small island developing States and landlocked developing countries,

Expressing concern about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes, which are essential for sustainable development and for attaining access to markets for their commodities,

Emphasizing the need for a domestic industrial transformation of commodity production in the developing countries, in particular African countries and the least developed countries, with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries and their integration into the global economy,

Recognizing that commodity prices are an important element for heavily indebted poor countries that are commodity-dependent in maintaining long-term debt sustainability,

1. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. *Expresses the urgent need* for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price-formation mechanisms, including commodity exchanges, and through the use of viable and effective commodity price risk management instruments;

3. *Expresses concern* at the declining terms of trade for most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification, and in this regard strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, inter alia, in areas that actively involve women;

4. *Urges* Governments and invites international financial institutions to continue to assess the effectiveness of the systems for compensatory financing of export-earnings shortfalls, and in this regard stresses the importance of empowering developing commodity producers to insure themselves against risk, including natural disasters;

5. *Urges* the developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, in a spirit conducive to promoting a common purpose and efficiency, inter alia, by providing technical and financial assistance for their commodity diversification programmes;

6. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

7. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, in particular commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, and, in this respect, stresses that:

(a) International support for the efforts of developing countries in the industrial transformation of their commodities is required to increase their export revenues and improve their competitiveness, with a view to facilitating their integration into the global economy;

(b) In the area of agriculture, it is important to fulfil, without prejudging the outcome of the negotiations, the commitment for comprehensive negotiations initiated under article 20 of the Agreement on Agriculture,[10] as referred to in the Doha Ministerial Declaration,[11] aiming at substantial improvements in market access; reductions of, with a view to phasing out, all forms of, export subsidies; substantial reductions in trade-distorting domestic support; pursuing negotiations on market access for non-agricultural products aimed at reducing or, as appropriate, eliminating tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries; and implementing other relevant areas of the World Trade Organization work programme;

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[10] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[11] See A/C.2/56/7, annex, para. 13.

(c) In line with the Plan of Implementation of the World Summit on Sustainable Development,[2] held in Johannesburg, South Africa, from 26 August to 4 September 2002, mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, should be promoted in support of the work programme agreed through the World Trade Organization, while recognizing the importance of maintaining the integrity of both sets of instruments;

(d) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address that diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by these countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

(e) Timely and effective financial cooperation should be maintained and further pursued to facilitate the management by commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, of excessive fluctuations in commodity export earnings, and in this regard stresses that it is important to pursue diversification as part of a long-term solution;

(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;

(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(h) There is a need to promote, expand and intensify research and development, to provide infrastructure enterprise development, technology and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

8. *Underlines* the need to strengthen the Common Fund for Commodities and encourages it, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to strengthen the activities covered by its Second Account in developing countries with its supply chain concept of improving access to markets and reliability of supply, enhancing diversification and value addition, improving competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders;

9. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in promoting commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in respect of their effective participation in multilateral trade negotiations;

10. *Encourages* efforts to promote cooperation between relevant international organizations on commodity issues;

11. *Calls upon* the Secretary-General of the United Nations Conference on Trade and Development, within existing budgetary resources, supplemented by voluntary contributions as appropriate, to designate independent eminent persons to examine and report on commodity issues, including the volatility in commodity prices and declining terms of trade and the impact these have on the development efforts of commodity-dependent developing countries, for consideration by the Trade and Development Board at its executive session and, subsequently, by the General Assembly at its fifty-eighth session;

12. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to report to the General Assembly at its fifty-ninth session on world commodity trends and prospects, taking into account, inter alia, the current report thereon[8] and the subsequent consideration requested in paragraph 11 above;

13. *Decides* to include in the provisional agenda of its fifty-ninth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "Commodities".

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Agenda item 84 (c)

Macroeconomic policy questions: science and technology for development

Report of the Second Committee*

Rapporteur: Mr. Walid A. **Al-Hadid** (Jordan)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 84 (c) (see A/57/529, para. 2). Action on sub-item (c) was taken at the 12th, 17th, 38th, 41st and 44th meetings, on 17 and 24 October, 20 November and 9 and 11 December 2002. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/57/SR.12, 17, 38, 41 and 44).

II. Consideration of proposals

A. Draft resolutions A/C.2/57/L.3 and A/C.2/57/L.61

2. At the 12th meeting, on 17 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Biotechnology World Forum: Chile 2003" (A/C.2/57/L.3), which read:

> "*The General Assembly*,
>
> "*Convinced* that recent technological innovations during the past two decades in the field of biotechnology have created new opportunities, inter alia, in agriculture, livestock and aquaculture, improved human health and enhanced protection of the environment, and recalling the interest of the international community in promoting this new knowledge for the benefit of all humankind,

* The report of the Committee on this item will be issued in seven parts, under the symbol A/57/529 and Add.1-6.

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"*Stressing* that international cooperation, including North-South as well as South-South cooperation, is an important element that offers viable opportunities for developing countries in their individual and collective pursuit of sustainable development, and for ensuring their effective and meaningful participation in the emerging global economic system,

"*Recognizing* the work of the Commission on Sustainable Development in the field of environmentally sound management of biotechnology,

"*Recalling* that intergovernmental cooperation in science and technology is an important tool to enhance international cooperation and, in this context, Agenda 21 recognized the potential of biotechnology to contribute to sustainable development,

"*Recalling also* the recommendations, in particular paragraph 42, of the plan of implementation adopted at the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002.

"1. *Welcomes* the initiative of the Government of Chile to host the Biotechnology World Forum, which is to be held in Concepción, Chile, in December 2003, and the preparatory work for the Forum carried out under the auspices of the United Nations Industrial Development Organization;

"2. *Stresses* the importance of facilitating access and transfer of knowledge and technology based on concessional, preferential and favourable terms to the developing countries, as mutually agreed, taking into account the need to protect intellectual property rights and the necessities of developing countries, with the objective of enhancing their technological capacities, productivity and competitiveness in the world market;

"3. *Encourages* the active participation of Member States, all relevant entities of the United Nations system, business and private sector representatives and other relevant stakeholders in the Biotechnology World Forum, in accordance with the rules of procedure governing meetings of the United Nations Industrial Development Organization;

"4. *Invites* all parties that are in a position to do so to provide financial support to enable the participation of experts and representatives from developing countries in the Biotechnology World Forum;

"5. *Requests* the Director-General of the United Nations Industrial Development Organization to provide a comprehensive report to the General Assembly at its fifty-ninth session on the outcome of the Biotechnology World Forum, including, in cooperation with the secretariats of other relevant international organizations and conventions, recommendations and assessment actions to contribute to the identification of recommendations and assessments on initiatives, and to encourage international cooperation in meeting the objectives of chapter 16 of Agenda 21 in the field of biotechnology."

3. At the 41st meeting, on 9 December, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), introduced a draft resolution entitled "Global technology forum: Chile 2003" (A/C.2/57/L.61), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.3.

4. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.61 (see para. 16, draft resolution I).

5. In the light of the adoption of draft resolution A/C.2/57/L.61, draft resolution A/C.2/57/L.3 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/57/L.7 and A/C.2/57/L.42

6. At the 12th meeting, on 17 October, the representative of Switzerland, also on behalf of Tunisia, introduced a draft resolution entitled "World Summit on the Information Society"(A/C.2/57/L.7). Subsequently, Afghanistan, Andorra, Austria, Belgium, Belize, Burkina Faso, Canada, Chile, Croatia, Denmark, Finland, France, Germany, Greece, Indonesia, Ireland, Italy, Japan, Lesotho, Luxembourg, Mali, Morocco, Nigeria, Portugal, Romania, Senegal, South Africa, Spain, Sweden, Turkey, the United Kingdom of Great Britain and Northern Ireland and Yemen joined in sponsoring the draft resolution, which read:

"*The General Assembly*,

"*Recalling* its resolution 56/183 of 21 December 2001,

"*Recalling* its plenary meeting devoted to information and communication technologies for development, held in New York, from 17 to 18 June 2002,

"*Welcoming* the preparations for the World Summit on the Information Society undertaken at national level, and encouraging all countries to intensify their work,

"*Encouraging* non-governmental organizations, civil society and the private sector to further contribute to and actively participate in the intergovernmental preparatory process of the Summit and in the Summit itself,

"*Welcoming* the outcome of the regional conference, held at Bamako from 25 to 30 May 2002,

"*Also welcoming* the results of the first meeting of the intergovernmental preparatory committee, held in Geneva from 1 to 5 July 2002,

"*Further welcoming* the decision of the Information and Communication Technologies Task Force to contribute actively to the preparatory process for the Summit and, to that end, to hold its next meeting at Geneva on 21 and 22 February 2003,

"1. *Takes note* of the report of the Secretary-General of the International Telecommunication Union, submitted to the General Assembly through the Economic and Social Council on the ongoing preparatory process for the Summit;

"2. *Invites* the Members States concerned to participate actively in the regional conferences to be held in Bucharest in November 2002, in Santo Domingo in January 2003 and in Tokyo in January 2003;

"3. *Urges* all relevant United Nations bodies and other intergovernmental organizations, including international and regional

institutions, to further their cooperation in and support to the preparatory process of the Summit;

"4. *Recommends* that all actors involved adopt an integrated and coordinated approach to addressing the needs of developing countries, in particular the least developed among them;

"5. *Requests* the International Telecommunication Union, in the context of its leading managerial role in the preparatory process of the Summit, in close cooperation with the Department for Public Information of the Secretariat and in coordination with other information offices of the United Nations system, to launch a public information campaign to raise global awareness of the Summit, including through reprioritization of its budget and through voluntary contributions;

"6. *Reiterates its call* to the international community to make voluntary contributions to the special trust fund established by the International Telecommunication Union to support the preparations for and the holding of the Summit, as well as to facilitate the effective participation of representatives of developing countries, in particular the least developed countries, in the regional meetings to be held in the first half of 2003, the preparatory meetings, to be held in 2003, and the Summit itself;

"7. *Invites* countries to send representation at the highest political level to the Summit;

"8. *Invites* the Secretary-General of the United Nations to inform all heads of State and Government of the importance of the forthcoming Summit;

"9. *Invites* the Secretary-General of the International Telecommunication Union to submit to the General Assembly for information, at its fifty-eighth and fifty-ninth sessions, through the Economic and Social Council, a report on the preparations for the Summit."

7. At the 38th meeting, on 20 November, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), introduced a draft resolution entitled "World Summit on the Information Society" (A/C.2/57/L.42), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.7.

8. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.42 (see para. 16, draft resolution II).

9. In the light of the adoption of draft resolution A/C.2/57/L.42, draft resolution A/C.2/57/L.7 was withdrawn by its sponsors.

C. Draft resolution A/C.2/57/L.10 and Rev.1

10. At the 17th meeting, on 24 October, the representative of the United States of America, also on behalf of Japan, introduced a draft resolution entitled "Creation of a global culture of cybersecurity" (A/C.2/57/L.10). Subsequently, Australia and Norway joined in sponsoring the draft resolution, which read:

"*The General Assembly*,

"*Noting* the growing dependence of Governments, businesses, other organizations and individual users on information technologies for the provision of essential goods and services, the conduct of business and the exchange of information,

"*Recognizing* that the need for cybersecurity increases as countries increase their participation in the digital economy,

"*Recalling* its resolutions 55/63 of 4 December 2000 and 56/121 of 19 December 2001,

"*Aware* that effective cybersecurity is not merely a matter of government or law enforcement practices, but must be addressed through prevention and supported throughout society,

"*Further aware* that technology alone cannot ensure cybersecurity and that a priority must be given to cybersecurity planning and management throughout society,

"*Recognizing* that, appropriate to their roles, Governments, businesses, other organizations and individual owners and users of information technologies must be aware of relevant cybersecurity risks and preventive measures, and must assume responsibility and take steps to enhance the security of those information technologies,

"*Noting* that, as a result of increasing interconnectivity, information systems and networks are now exposed to a growing number and a wider variety of threats and vulnerabilities which raise new security issues for all computer users,

"*Noting* the work of international and regional organizations on enhancing cybersecurity and the security of information technologies, including the Statement on the Security of Information and Communications Infrastructures, adopted at the Fifth Asia-Pacific Economic Cooperation Ministerial Meeting on Telecommunications and Information Industry, which was held in Shanghai, China, on 29 and 30 May 2002, the Guidelines for the Security of Information Systems and Networks: Towards a Culture of Security, adopted by the Council of the Organization for Economic Cooperation and Development on 25 July 2002, and the document entitled 'Network and information security: proposal for a European policy approach', issued by the Commission of the European Communities on 6 June 2001 and transmitted to the European Council, the European Parliament, the European Economic and Social Committee, and the Committee of the Regions,

"1. *Adopts* the principles annexed to the present resolution with a view to creating a global culture of cybersecurity;

"2. *Invites* Member States to take into account these principles in their efforts to develop, throughout their societies, a culture of cybersecurity in the application and use of information technologies;

"3. *Requests* Member States to take these principles and the need for a global culture of cybersecurity into account in their preparations for the World Summit on the Information Society, to be held at Geneva in December 2003.

"**Annex**

"**Principles for creating a global culture of cybersecurity**

"Rapid advances in information technology have changed the way Governments, businesses, other organizations and individual users who develop, own, provide, manage, service and use information systems and networks ('participants') must approach cybersecurity. A global culture of cybersecurity will require that all participants address the following nine complementary principles:

"(a) *Awareness*. Participants should be aware of the need for security of information systems and networks and what they can do to enhance security;

"(b) *Responsibility*. Participants are responsible for the security of information systems and networks in a manner appropriate to their individual roles. They should review their own policies, practices, measures and procedures regularly, and should assess whether they are appropriate to their environment;

"(c) *Response*. Participants should act in a timely and cooperative manner to prevent, detect and respond to security incidents. They should share information about threats and vulnerabilities, as appropriate, and implement procedures for rapid and effective cooperation to prevent, detect and respond to security incidents. This may involve cross-border information sharing and cooperation;

"(d) *Ethics*. Given the pervasiveness of information systems and networks in modern societies, participants need to respect the legitimate interests of others and recognize that their action or inaction may harm others;

"(e) *Democracy*. Security should be implemented in a manner consistent with the values recognized by democratic societies, including the freedom to exchange thoughts and ideas, the free flow of information, the confidentiality of information and communication, the appropriate protection of personal information, openness and transparency;

"(f) *Risk assessment*. All participants should conduct periodic risk assessments that identify threats and vulnerabilities; are sufficiently broad-based to encompass key internal and external factors, such as technology, physical and human factors, policies and third-party services with security implications; allow determination of the acceptable level of risk; and assist in the selection of appropriate controls to manage the risk of potential harm to information systems and networks in the light of the nature and importance of the information to be protected;

"(g) *Security design and implementation*. Participants should incorporate security as an essential element in the planning and design, operation and use of information systems and networks;

"(h) *Security management*. Participants should adopt a comprehensive approach to security management based on risk assessment that is dynamic, encompassing all levels of participants' activities and all aspects of their operations;

"(i) *Reassessment*. Participants should review and reassess the security of information systems and networks, and should make appropriate modifications to security policies, practices, measures and procedures that include addressing new and changing threats and vulnerabilities."

11. At the 44th meeting, on 11 December, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), informed the Committee of the outcome of the informal consultations held on draft resolution A/C.2/57/L.10 and drew its attention to a revised draft resolution (A/C.2/57/L.10/Rev.1), submitted by the sponsors of A/C.2/57/L.10 and Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Chile, Croatia, the Czech Republic, Denmark, Ethiopia, Finland, France, Germany, Greece, India, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Pakistan, Peru, Poland, Portugal, the Republic of Korea, Romania, the Russian Federation, Slovakia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, the United Kingdom of Great Britain and Northern Ireland and Yugoslavia.

12. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.10/Rev.1 (see para. 16, draft resolution III).

13. After the adoption of the draft resolution, the representative of the United States of America made a statement (see A/C.2/57/SR.44).

14. At the same meeting, statements regarding the sponsorship of the draft resolution were made by the representatives of the former Yugoslav Republic of Macedonia, the Dominican Republic, Angola, Indonesia and Suriname (see A/C.2/57/SR.44).

D. Draft decision proposed by the Chairman

15. At its 44th meeting, on 11 December, upon the proposal of the Chairman, the Committee decided to recommend to the General Assembly that it take note of the documents under the sub-item on which no proposals had been submitted (see para. 17).

III. Recommendations of the Second Committee

16. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Global biotechnology forum: Chile 2003

The General Assembly,

Underlining that intergovernmental cooperation in science and technology is an important tool with which to enhance international cooperation,

Stressing that international cooperation, including North-South as well as South-South cooperation, is an important means of offering viable opportunities to developing countries in their individual and collective pursuit of sustainable

development, and of ensuring their effective and meaningful participation in the emerging global economic system,

Recalling the relevant provisions of the Convention on Biological Diversity[1] as well as the Cartagena Protocol on Biosafety[2] to the Convention on Biological Diversity,

Recalling also the Plan of Implementation of the World Summit on Sustainable Development,[3]

Taking note of decision IDB.26/Dec.__ adopted by the Industrial Development Board of the United Nations Industrial Development Organization at its twenty-sixth session, held at Vienna from 19 to 21 November 2002,

1. *Takes note* of the proposal by the Government of Chile to host a global biotechnology forum in December 2003 for multi-stakeholder discussions under the auspices of the United Nations Industrial Development Organization in cooperation with other relevant organizations, and to take adequate measures towards its successful organization;

2. *Encourages* interested Member States to work with the United Nations Industrial Development Organization, inter alia, through regional preparatory meetings and discussions with the Secretariat, to ensure that the forum has realistic objectives and produces useful outcomes, as related to the mandate of the United Nations Industrial Development Organization in its medium-term programme framework, 2002-2005;

3. *Also encourages* interested Member States to consider providing financial or other support to the forum and/or to the regional preparatory meetings;

4. *Invites* the United Nations Industrial Development Organization to include in the report of its Director-General to the General Assembly at its fifty-ninth session a section on the outcomes of the forum.

Draft resolution II
World Summit on the Information Society

The General Assembly,

Recalling its resolution 56/183 of 21 December 2001,

Recalling also the meeting of the General Assembly devoted to information and communication technologies for development, held in New York on 17 and 18 June 2002,[4]

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[1] See United Nations Environment Programme, *Convention on Biological Diversity* (Environmental Law and Institution Programme Activity Centre, June 1992).

[2] See UNEP/CBD/ExCOP/1/3 and Corr.1, part two, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 2, annex.

[4] See A/56/PV.101-104.

Welcoming the preparations for the World Summit on the Information Society undertaken at the national and regional levels, and encouraging all countries to intensify their work,

Welcoming also the regional conference held in Bamako from 25 to 30 May 2002, in the context of the preparatory process of the Summit,

Welcoming further the establishment of the Bureau of the Preparatory Committee for the World Summit on the Information Society, and encouraging Member States to support it in accomplishing its task,

Welcoming the convening of the first meeting of the Preparatory Committee, held at Geneva from 1 to 5 July 2002,

Welcoming also the decision of the United Nations Information and Communication Technologies Task Force to contribute actively to the preparatory process for the Summit and, to that end, to hold its next meeting at Geneva on 21 and 22 February 2003,

1. *Takes note* of the note by the Secretary General containing the report of the Secretary-General of the International Telecommunication Union, on the ongoing preparatory process for the World Summit on the Information Society;[5]

2. *Invites* the Member States concerned to participate actively in the regional conferences to be held under the auspices of the regional commissions in Bucharest in November 2002 and in Santo Domingo and Tokyo in January 2003,

3. *Encourages* non-governmental organizations, civil society and the private sector to contribute further to, and actively participate in, the intergovernmental preparatory process for the Summit and in the Summit itself, according to the modalities of participation established by the Preparatory Committee;

4. *Encourages* all relevant United Nations bodies and other intergovernmental organizations, including international and regional institutions, as well as the United Nations Information and Communication Technologies Task Force, to enhance their cooperation in and support to the preparatory process for the Summit;

5. *Recommends* that the occasion of the World Summit on the Information Society be used for arranging events related to the Summit;

6. *Recommends also* that, while addressing the whole range of relevant issues related to the information society, all actors involved adopt a coordinated approach to addressing the needs of all countries, including developing countries, in particular the least developed countries;

7. *Requests* the International Telecommunication Union, in the context of its leading managerial role in the preparatory process for the Summit, in close cooperation with the Department of Public Information of the Secretariat and in coordination with other information offices of the United Nations system, to launch a public information campaign to raise global awareness of the Summit, within the existing resources and through voluntary contributions;

[5] A/57/71-E/2002/52.

8. *Reiterates its call* to the international community to make voluntary contributions to the special trust fund established by the International Telecommunication Union to support the preparations for and the holding of the Summit, as well as to facilitate the effective participation of representatives of developing countries, in particular the least developed countries, in the regional meetings to be held in the first half of 2003, the preparatory meetings to be held at 2003 and the Summit itself;

9. *Invites* countries to send representation at the highest political level to the Summit, which will be held at Geneva from 10 to 12 December 2003 and at Tunis in 2005;

10. *Invites* the Secretary-General of the United Nations to inform all heads of State and Government about the importance of the forthcoming Summit;

11. *Invites* the Secretary-General of the International Telecommunication Union to submit to the General Assembly for information, at its fifty-eighth and fifty-ninth sessions, through the Economic and Social Council, a report on the preparations for the Summit.

Draft resolution III
Creation of a global culture of cybersecurity

The General Assembly,

Noting the growing dependence of Governments, businesses, other organizations and individual users on information technologies for the provision of essential goods and services, for the conduct of business, and for the exchange of information,

Recognizing that the need for cybersecurity increases as countries increase their participation in the information society,

Recalling its resolution 55/63 of 4 December 2000 and 56/121 of 19 December 2001, on establishing the legal basis for combating the criminal misuse of information technologies,

Recalling also its resolutions 53/70 of 4 December 1998, 54/49 of 1 December 1999, 55/28 of 20 November 2000, 56/19 of 29 November 2001 and 57/53 of 22 November 2002 on developments in the field of information and telecommunications in the context of international security,

Aware that effective cybersecurity is not merely a matter of government or law enforcement practices, but must be addressed through prevention and supported throughout society,

Further aware that technology alone cannot ensure cybersecurity and that a priority must be given to cybersecurity planning and management throughout society,

Recognizing that, in a manner appropriate to their roles, government, business, other organizations, and individual owners and users of information technologies must be aware of relevant cybersecurity risks and preventive measures and must assume responsibility for and take steps to enhance the security of these information technologies,

Recognizing also that gaps in access to and the use of information technologies by States can diminish the effectiveness of international cooperation in combating the criminal misuse of information technology and in creating a global culture of cybersecurity, and noting the need to facilitate the transfer of information technologies, in particular to developing countries,

Recognizing further the importance of international cooperation to achieve cybersecurity through the support of national efforts aimed at the enhancement of human capacity, increased learning and employment opportunities, improved public services and better quality of life by taking advantage of advanced, reliable and secure information and communications technology and networks and by promoting universal access,

Noting that, as a result of increasing interconnectivity, information systems and networks are now exposed to a growing number and a wider variety of threats and vulnerabilities which raise new security issues for all,

Noting also the work of relevant international and regional organizations on enhancing cybersecurity and the security of information technologies,

1. *Takes note* of the elements annexed to the present resolution, with a view to creating a global culture of cybersecurity;

2. *Invites* all relevant international organizations to consider, inter alia, these elements for the creation of such a culture in any future work on cybersecurity;

3. *Invites* Member States to take into account these elements, inter alia, in their efforts to develop throughout their societies a culture of cybersecurity in the application and use of information technologies;

4. *Invites* Member States and all relevant international organizations to take, inter alia, these elements and the need for a global culture of cybersecurity into account in their preparations for the World Summit on the Information Society, to be held at Geneva in December 2003 and at Tunis in 2005;

5. *Stresses* the necessity to facilitate the transfer of information technology and capacity-building to developing countries, in order to help them to take measures in cybersecurity.

Annex

Elements for creating a global culture of cybersecurity

Rapid advances in information technology have changed the way Governments, businesses, other organizations and individual users who develop, own, provide, manage, service and use information systems and networks ("participants") must approach cybersecurity. A global culture of cybersecurity will require that all participants address the following nine complementary elements:

(a) *Awareness.* Participants should be aware of the need for security of information systems and networks and what they can do to enhance security;

(b) *Responsibility.* Participants are responsible for the security of information systems and networks in a manner appropriate to their individual roles.

They should review their own policies, practices, measures and procedures regularly, and should assess whether they are appropriate to their environment;

(c) *Response*. Participants should act in a timely and cooperative manner to prevent, detect and respond to security incidents. They should share information about threats and vulnerabilities, as appropriate, and implement procedures for rapid and effective cooperation to prevent, detect and respond to security incidents. This may involve cross-border information-sharing and cooperation;

(d) *Ethics*. Given the pervasiveness of information systems and networks in modern societies, participants need to respect the legitimate interests of others and recognize that their action or inaction may harm others;

(e) *Democracy*. Security should be implemented in a manner consistent with the values recognized by democratic societies, including the freedom to exchange thoughts and ideas, the free flow of information, the confidentiality of information and communication, the appropriate protection of personal information, openness and transparency;

(f) *Risk assessment*. All participants should conduct periodic risk assessments that identify threats and vulnerabilities; are sufficiently broad-based to encompass key internal and external factors, such as technology, physical and human factors, policies and third-party services with security implications; allow determination of the acceptable level of risk; and assist in the selection of appropriate controls to manage the risk of potential harm to information systems and networks in the light of the nature and importance of the information to be protected;

(g) *Security design and implementation*. Participants should incorporate security as an essential element in the planning and design, operation and use of information systems and networks;

(h) *Security management*. Participants should adopt a comprehensive approach to security management based on risk assessment that is dynamic, encompassing all levels of participants' activities and all aspects of their operations;

(i) *Reassessment*. Participants should review and reassess the security of information systems and networks, and should make appropriate modifications to security policies, practices, measures and procedures that include addressing new and changing threats and vulnerabilities.

* * *

17. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Documents relating to science and technology for development

The General Assembly takes note of the following documents:

(a) Note by the Secretary-General transmitting the report of the Joint Inspection Unit on United Nations system support for science and technology in Latin America and the Caribbean;[6]

(b) Note by the Secretary-General transmitting the comments of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit on United Nations system support for science and technology in Latin America and the Caribbean.[7]

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[6] A/56/370.

[7] A/56/370/Add.1.

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Macroeconomic policy questions: external debt crisis and development

Report of the Second Committee*

Rapporteur: Mr. Walid A. **Al-Hadid** (Jordan)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 84 (d) (see A/57/529, para. 2). Action on sub-item (d) was taken at the 12th and 44th meetings, on 17 October and 11 December 2002. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/57/SR.12 and 44).

II. Consideration of draft resolutions A/C.2/57/L.6 and A/C.2/57/L.77

2. At the 12th meeting, on 17 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/57/L.6), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998, 54/202 of 22 December 1999 and 55/184 of 20 December 2000, on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

* The report of the Committee on this item will be issued in seven parts, under the symbol A/57/529 and Add.1-6.

02-73860 (E) 161202

"*Taking note* of the report of the Secretary-General on external debt crisis and development,

"*Recalling* the United Nations Millennium Declaration adopted by the Heads of State and Government on 8 September 2000,

"*Reaffirming* the Monterrey Consensus, which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

"*Noting with great concern* that the total debt stock of the developing countries rose from $1.458 trillion in 1990 to $2.442 trillion in 2001,

"*Noting also with great concern* that the continuing debt and debt-servicing problems of the heavily indebted poor developing countries are adversely affecting their sustainable development efforts,

"*Noting further with great concern* that some highly indebted middle-income developing countries are facing serious difficulties in meeting their external debt-servicing obligations owing, inter alia, to liquidity constraints,

"1. *Reaffirms* the determination to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

"2. *Recognizes* that creditors and debtors share the responsibility for preventing and resolving unsustainable debt situations and that debt relief can play a key role in liberating resources that can be directed towards activities consistent with attaining sustainable growth and development;

"3. *Stresses* that debt relief should contribute to development objectives, including poverty reduction and the achievements of the Millennium development goals, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

"4. *Reaffirms* the commitment of the industrialized countries to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction;

"5. *Stresses* the need to pursue debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, in order to contribute to debt sustainability and facilitate sustainable development;

"6. *Welcomes* initiatives that have been undertaken to reduce outstanding indebtedness;

"7. *Calls* upon the international community, including the United Nations system, invites the Bretton Woods institutions as well as the private sector, to implement the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the

question of the external debt problem of developing countries, and in this regard, stresses the need to:

"(a) Implement speedily, effectively and fully the enhanced Heavily Indebted Poor Countries Initiative, which should be fully financed through additional resources, taking into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those countries with unsustainable debt burden caused by natural catastrophes, severe terms-of-trade shocks or affected by conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

"(b) Bring international debtors and creditors together in relevant international forums to restructure unsustainable debt in a timely and efficient manner, taking into account the need to involve the private sector in the resolution of crises due to indebtedness, where appropriate;

"(c) Acknowledge the problems of the debt sustainability of some non-heavily indebted low-income countries, in particular those facing exceptional circumstances;

"(d) Reduce unsustainable debt burden of developing countries through various means, including debt relief, debt cancellation and debt-for-sustainable-development swaps geared to comprehensively address the debt problems of developing countries, in particular the poorest and most heavily indebted ones;

"(e) Explore innovative mechanisms to comprehensively address the debt problems of developing countries, including middle-income countries;

"(f) Establish effective debt tracking mechanisms in developing countries and strengthen technical assistance for external debt management and debt tracking;

"(g) Ensure that resources provided for debt relief do not detract from official development assistance resources intended to be available for developing countries and that the debt relief arrangements seek to avoid imposing any unfair burden on other developing countries;

"(h) Welcome consideration by all relevant stakeholders of an international debt-work-out mechanism, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, in the appropriate forums, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

"(i) Establish a set of clear principles for the management and resolution of financial crisis that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors;

"8. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

"9. *Emphasizes* that debt sustainability should be assessed in terms of each country's capacity to raise the financing needed to achieve the Millennium development goals and should also take into account the vulnerability to external shocks and global uncertainties, natural disasters as well as the internal economic and social conditions;

"10. *Calls* upon the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and to consider any fundamental changes in countries' debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including for debt relief;

"11. *Requests* the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, including, inter alia, those resulting from global financial instability, and to make recommendations in this regard."

3. At the 44th meeting, on 11 December, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/57/L.77), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.6.

4. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.77 (see para. 6).

5. In the light of the adoption of draft resolution A/C.2/57/L.77, draft resolution A/C.2/57/L.6 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998, 54/202 of 22 December 1999, 55/184 of 20 December 2000 and 56/184 of 21 December 2001 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Taking note of the report of the Secretary-General on external debt crisis and development,[1]

[1] A/57/253.

Recalling the United Nations Millennium Declaration adopted by the Heads of State and Government on 8 September 2000,[2]

Reaffirming the Monterrey Consensus,[3] which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

Noting with great concern that the continuing debt and debt-servicing problems of the heavily indebted poor developing countries constitutes an element that adversely affects their sustainable development efforts, and noting in this regard that the total debt stock of the developing countries rose from 1,458 billion dollars in 1990 to 2,442 billion dollars in 2001,[4]

Noting with concern that some highly indebted, middle-income developing countries are facing serious difficulties in meeting their external debt-servicing obligations,

Welcoming the progress made on the heavily indebted poor countries initiative designed to provide deeper, broader and faster relief, while recognizing that significant challenges remain to ensure that countries achieve a lasting exit from unsustainable debt,

Welcoming also the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation of bilateral debts, and urging all creditor countries to participate in efforts to remedy the external debt and debt-servicing problems of developing countries,

1. *Reaffirms* the determination, as expressed in the United Nations Millennium Declaration,[2] to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

2. *Recognizes* that creditors and debtors must share the responsibility for preventing and resolving unsustainable debt situations and that debt relief can play a key role in liberating resources that should be directed towards activities consistent with attaining sustainable growth and development, including poverty reduction and the achievement of the development goals set out in the Millennium Declaration, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

3. *Stresses* that sustainable debt financing is an important element for mobilizing resources for public and private investment, and that national comprehensive strategies to monitor and manage the external liabilities embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities;

4. *Recalls* the call on industrialized countries, as expressed in the Millennium Declaration, to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all

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[2] See resolution 55/2.

[3] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[4] See A/57/253, table.

official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction, including through poverty reduction strategy papers, where appropriate, and in this regard welcomes the decision of those countries that have already done so, emphasizing that debt relief complementary to the framework be treated as additional;

5. *Calls upon* the heavily indebted poor countries to take, as soon as possible, the policy measures necessary to become eligible for the enhanced heavily indebted poor countries initiative and to reach the decision point;

6. *Stresses* the need to pursue, where appropriate, debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, so as to contribute to debt sustainability and facilitate sustainable development;

7. *Welcomes* initiatives that have been undertaken to reduce outstanding indebtedness;

8. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those relating to the question of the external debt problem of developing countries, and in this regard stresses the need:

(a) To implement speedily, effectively and fully the enhanced heavily indebted poor countries initiative, which should be fully financed through additional resources, while stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and take into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those developing countries that have an unsustainable debt burden caused by natural catastrophes, severe terms-of-trade shocks or conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

(b) To bring about a sustained commitment on the part of the heavily indebted poor countries to improvements in domestic policies and economic management, support capacity-building for the management of financial asset and liabilities, ensure full participation and delivery of relief by all affected creditors, ensure adequate and sufficiently concessional financing by international financing institutions and the donor community, and consider an early review of the difficult issues of HIPC to HIPC debt relief and creditor litigation;

(c) To bring international debtors and creditors together in relevant international forums to restructure unsustainable debt in a timely and efficient manner, taking into account the need to involve the private sector in the resolution of crises due to indebtedness, where appropriate;

(d) To acknowledge the problems of the debt sustainability of some low-income countries that are not heavily indebted, in particular those facing exceptional circumstances;

(e) To reduce the unsustainable debt burden of developing countries through such actions as debt relief and, as appropriate, debt cancellation and other

innovative mechanisms geared to comprehensively addressing the debt problems of developing countries, in particular the poorest and most heavily indebted ones;

(f) To encourage exploring innovative mechanisms to comprehensively address the debt problems of developing countries, including middle-income countries and countries with economies in transition; such mechanisms may include debt-for-sustainable-development swaps, or multi-creditor debt swap arrangements, as appropriate;

(g) To establish effective debt-tracking mechanisms in developing countries and strengthen technical assistance for external debt management and debt tracking, including through enhanced cooperation and coordination between organizations providing assistance in this regard;

(h) To take steps to ensure that resources provided for debt relief do not detract from official development assistance resources intended to be available for developing countries and that the debt relief arrangements seek to avoid imposing any unfair burden on other developing countries;

(i) To welcome consideration by all relevant stakeholders of an international debt-work-out mechanism, in the appropriate forums, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

(j) To establish a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between the public and private sectors and between debtors, creditors and investors, while recognizing that a flexible mix of instruments is needed to respond appropriately to the varying economic circumstances and capacities of different countries;

9. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced heavily indebted poor countries initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

10. *Emphasizes* the need to help bring about initial recovery in heavily indebted poor post-conflict countries, in coordination with the international financial institutions, to help clear, as appropriate, the arrears of those countries vis-à-vis international financial institutions;

11. *Reaffirms* that reviews of debt sustainability should also bear in mind the impact of debt relief on progress towards the achievement of the development goals set out in the Millennium Declaration and the fact that debt sustainability analysis at the completion point needs to take into account any worsening global growth prospects and declining terms of trade;

12. *Notes* that it is important for the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and to consider any fundamental changes in countries' debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including for debt relief, as appropriate;

13. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts made towards this end, and in this regard stresses the importance of such initiatives as the Debt Management and Financial Analysis System,[5] the International Monetary Fund and World Bank guidelines for public debt management,[6] and the debt-management capacity-building programme;

14. *Requests* the Secretary-General to submit a report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, including, inter alia, those resulting from global financial instability;

15. *Decides* to include in the provisional agenda of its fifty-eighth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "External debt crisis and development".

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[5] The Debt Management and Financial Analysis System is a computerized system developed by the United Nations Conference on Trade and Development to assist developing countries and countries with economies in transition to develop appropriate administrative, institutional and legal structures for effective foreign and domestic public debt management; by December 2002, the system had been installed in the debt offices of 60 countries in Africa, Asia, Europe, and Latin America and the Caribbean.

[6] See: http://www.imf.org/external/np/mae/sdebt/2000/eng/index.htm.

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Macroeconomic policy questions: international financial system and development

Report of the Second Committee*

Rapporteur: Mr. Walid A. **Al-Hadid** (Jordan)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 84 (e) (see A/57/529, para. 2). Action on sub-item (e) was taken at the 12th and 42nd meetings, on 17 October and 10 December 2002. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/57/SR.12 and 42).

II. Consideration of draft resolutions A/C.2/57/L.4 and A/C.2/57/L.72

2. At the 12th meeting, on 17 October, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International financial system and development" (A/C.2/57/L.4), which read:

> "*The General Assembly*,
>
> "*Reaffirming* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled 'Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and the promotion of economic and social equity',

* The report of the Committee on this item will be issued in seven parts, under the symbol A/57/529 and Add.1-6.

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"*Recalling* the United Nations Millennium Declaration, adopted by the Heads of State and Government on 8 September 2000,

"*Recalling also* General Assembly resolution 56/210 B of 9 July 2002, in which the Assembly endorsed the Monterrey Consensus of the International Conference on Financing for Development, which was adopted by the Conference on 22 March 2002,

"*Emphasizing* that the international financial system should support development and allow for the mobilization, in a coherent manner, of all sources of international financing for development, including private capital flows, market access for goods and services from developing countries, official development assistance and external debt relief,

"*Expressing concern* at the fact that developing countries have made net outward transfers of financial resources over the last five years and underlining the need for measures at the national and international levels to reverse this trend,

"*Taking note* of the report of the Secretary-General entitled 'International financial system and development',

"1. *Expresses deep concern* over the difficulties of the present world economic situation and stresses the importance of confronting it through strong cooperative efforts by all countries and institutions, improving global economic governance and strengthening the United Nations leadership role;

"2. *Invites* developed countries, in particular those that have significant influence in the world economy, to take into account, in the formulation of their macroeconomic policies, their impact on global economic growth and development;

"3. *Underlines* the importance of promoting financial stability and emphasizes the need for policies and rules that mitigate the impact of financial volatility and improve transparency and information about financial flows;

"4. *Emphasizes* the need to strengthen ongoing efforts to reform existing international financial architecture, to foster a transparent, equitable and inclusive system that is able to provide for the effective participation of developing countries in the international economic decision-making processes and institutions, as well as for their effective and equitable participation in the formulation of financial standards and codes;

"5. *Takes note* of the decisions taken by the Development Committee (the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries, as contained in the attachment (on the International Conference on Financing for Development) to the communiqué of the Committee issued at its sixty-fourth meeting, held on 18 November 2001, in particular the decision contained in paragraph 9 of the attachment to identify pragmatic and innovative ways to further enhance participation of developing countries in international decision-making and norm-setting, and encourages all relevant international financial institutions to take concrete measures towards this end;

"6. *Invites* the International Monetary Fund to continue its work on the allocation of quotas and the establishment of a total amount of quotas that reflect the present economic realities and emphasizes that the review of the formulas used to calculate members' quotas should eliminate the existing bias that results in an underestimation of the size of developing-country economies;

"7. *Calls* for the creation of an enabling international economic environment and the adoption of effective measures, including new financial mechanisms, in order to support developing countries' efforts to achieve sustained economic growth, sustainable development and the strengthening of their democratic systems, while reaffirming the leading role of national Governments in the developing process of each country;

"8. *Emphasizes* that the international financial institutions, in supporting national programmes, should be sensitive to social circumstances and implementing capacities, concentrate on macroeconomic policies critical to the objectives of the programme, take into account the need for economic growth and development, and strengthen national ownership of the programme;

"9. *Calls upon* the multilateral, regional and subregional development institutions to reinforce financial and technical support to developing countries in order to mitigate the lack of access to private capital and the sharp reduction of international financial flows, as well as to contribute to their efforts of increasing economic growth and reducing poverty;

"10. *Stresses* the need for actions to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences, and, in this regard, takes note of paragraph 3 of the communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, issued on 28 September 2002;

"11. *Recognizes* the important role of international financial institutions in supporting all countries affected by financial crises and emphasizes that these institutions should be provided with adequate resources so that they can supply timely emergency financing;

"12. *Stresses*, in the consideration of new debt resolution mechanisms, the importance of a broad discussion with the participation of all interested actors, invites the international financial institutions to take into account social aspects and the borrowing costs for developing countries, and reiterates that the adoption of such mechanisms should not preclude emergency financing in times of crises;

"13. *Underlines* the need to explore ways of generating new public and private innovative sources of finance for development purposes, provided that those sources do not unduly burden developing countries, and takes note of the proposal of using special drawing rights allocations for development purposes, set forth in paragraph 44 of the Monterrey Consensus of the International Conference on Financing for Development;

"14. *Requests* the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution under the sub-item entitled 'International financial system and development'."

3. At the 42nd meeting, on 10 December, the Vice-Chairman of the Committee, Abdellah Benmellouk (Morocco), introduced a draft resolution entitled "International financial system and development" (A/C.2/57/L.72), which he submitted on the basis of informal consultations held on draft resolution A/C.2/57/L.4.

4. At the same meeting, the Committee adopted draft resolution A/C.2/57/L.72 (see para. 7).

5. After the adoption of the draft resolution, the representative of the United States of America made a statement (see A/C.2/57/SR.42).

6. In the light of the adoption of draft resolution A/C.2/57/L.72, draft resolution A/C.2/57/L.4 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity",

Recalling also the United Nations Millennium Declaration,[1] adopted by the heads of State and Government on 8 September 2000,

Recalling further its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] which was adopted by the Conference on 22 March 2002, as well as the Johannesburg Plan of Implementation,[3] adopted at the World Summit on Sustainable Development on 4 September 2002,

Reiterating that success in meeting the objectives of development and poverty eradication depends on good governance within each country and at the international level, and stressing that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 2, annex.

sustained economic growth, poverty eradication and employment creation, and that transparency in the financial, monetary and trading systems and the commitment to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system are equally essential,

Emphasizing that the international financial system should support sustainable development, sustained economic growth and poverty reduction and allow for the mobilization, in a coherent manner, of all sources of financing for development, including the mobilization of domestic resources, international flows, trade, official development assistance and external debt relief,

Expressing concern about the fact that developing countries have made net outward transfers of financial resources over the last five years, and underlining the need for measures at the national and international levels to reverse this trend, while taking note of efforts to this end that have been made thus far,

Taking note of the report of the Secretary-General,[4]

1. *Expresses concern* about the difficulties of the present world economic situation, stresses the importance of confronting it through strong cooperative efforts by all countries and institutions, and underlines the importance of continued efforts to improve global economic governance and strengthen the United Nations leadership role in promoting development;

2. *Stresses* the importance of strong domestic institutions to promote business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors;

3. *Stresses* the special importance of creating an enabling international economic environment through strong cooperative efforts by all countries and institutions to promote equitable economic development in a world economy that benefits all people, and in this context invites developed countries, in particular major industrialized countries, which have significant weight in influencing world economic growth, when formulating their macroeconomic policies, to take into account their effects in terms of an external economic environment favourable to growth and development;

4. *Underlines* the importance of promoting financial stability, and reiterates that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

5. *Notes* that important international efforts are under way to reform the international financial architecture, emphasizes that those efforts need to be sustained with greater transparency and with the effective participation of developing countries and countries with economies in transition, and that one major objective of the reform is to enhance financing for development and poverty eradication, and underscores furthermore the commitment, set forth in paragraph 53 of the Monterrey Consensus,[2] to sound domestic financial sectors, which make a

[4] A/57/151.

vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development;

6. *Takes note* of the communiqué of the Development Committee of 28 September 2002, in particular its paragraph 10, on the need to identify pragmatic and innovative ways to enhance further the participation of developing countries and countries with economies in transition in international decision-making and norm-setting, and encourages all relevant international financial institutions to take concrete measures to this end;

7. *Invites* the International Monetary Fund to continue its work on quotas, and welcomes the continuing consideration by the Fund of its quota review and the reiteration by the International Monetary and Financial Committee that the Fund should have adequate resources to fulfil its financial responsibilities and that quotas should reflect developments in the international economy;

8. *Underlines* the importance of adopting effective measures, including new financial mechanisms, as appropriate, to support the efforts of developing countries to achieve sustained economic growth, sustainable development, poverty reduction and the strengthening of their democratic systems, while reaffirming that each country has primary responsibility for its own economic and social development, and that national policies have the leading role in the development process;

9. *Stresses* the need for multilateral financial institutions, in providing policy advice and financial support, to work on the basis of sound, nationally owned paths of reform that take into account the needs of the poor and efforts to reduce poverty, and to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, aiming at economic growth and sustainable development, and that the advice should take into account social costs of adjustment programmes, which should be designed to minimize negative impacts on the vulnerable segments of society, and underscores the importance in this regard of gender-sensitive employment and poverty eradication policies and strategies;

10. *Invites* the multilateral, regional and subregional development institutions to complement national efforts to strengthen domestic financial and regulatory systems with a view to creating a transparent, stable and predictable investment climate and thus attracting and enhancing inflows of productive capital, thereby contributing to increasing economic growth and eradicating poverty;

11. *Also invites* the multilateral and regional development banks to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, to contribute to providing an adequate supply of finance to countries that are challenged by poverty, follow sound economic policies and may lack adequate access to capital markets, and to mitigate the impact of excessive volatility of financial markets, and underlines that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, enhancing ownership and overall efficiency, and that they serve as a vital source of knowledge and expertise on economic growth and development for their developing member countries;

12. *Stresses* the need for structural reforms to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences;

13. *Emphasizes* that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and in this regard underscores that it is also essential to ensure implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion, and stresses the need for the International Monetary Fund to strengthen further its surveillance of all economies, with particular attention to short-term capital flows and their impact;

14. *Notes* the impact of financial crisis or risk of contagion in developing countries and countries with economies in transition, regardless of their size, and in this regard underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way in accordance with their policies;

15. *Stresses*, in the consideration of any new debt resolution mechanism, the importance of a broad discussion in the appropriate forums, with the participation of all interested actors, welcomes the steps taken by the international financial institutions to take into account social aspects and the borrowing costs for developing countries, encourages them to continue their efforts in that regard, and reiterates that the adoption of such a mechanism should not preclude emergency financing in times of crisis;

16. *Encourages* the exploration of ways of generating new public and private innovative sources of finance for development purposes, provided that those sources do not unduly burden developing countries, and takes note of the proposal of using special drawing rights allocations for development purposes, set forth in paragraph 44 of the Monterrey Consensus;

17. *Requests* the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution;

18. *Decides* to include in the provisional agenda of its fifty-eighth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".